

19 April 1966

MEMORANDUM FOR: Director of Research and Reports

SUBJECT : Changes in the Structure of the Economic Intelligence Committee (EIC)

1. Since 26 November 1965, when I assumed the Chairmanship, a number of changes have been taking place in the EIC structure as the result of a thorough review of its activities, which is still in progress. This memorandum is for your information and review; any comments would be much appreciated.

2. Subcommittees Abolished.

Since 1 December 1965, we have abolished six subcommittees and discontinued one working group. The Office of the Director of Administrative Management of the Department of Defense recommended to the Bureau of the Budget that the following subcommittees be abolished: Chemicals, Economic Defense, Electric Power and Solid Fuels, Industrial Machinery & Equipment, and Minerals and Metals. The Bureau of the Budget forwarded these recommendations to the CIA for consideration by the Chairman, EIC. The membership of the subcommittees was canvassed and concurred in the DOD recommendations since the subcommittees have been inactive for several years. At the same time, it was arranged that future questions on problems within the purview of these subcommittees which required EIC action would be accommodated by ad hoc working groups. In March of 1966 the Subcommittee on Manpower and Population, by agreement of the membership, was also abolished. The Bureau of the Census is the only Agency within the Federal Government performing significant research on the demography of foreign countries.

Group on the [redacted] entity. Since March 1965 the [redacted] has been administered by the Chief, Collection Guidance Staff. Since the Program is in the collection field rather than the research field and since the requirements are primarily military, the EIC membership agreed that if a working group were necessary for guidance it should be formed within collection channels.

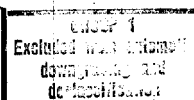
Finally, the Working [redacted] was discontinued as an EIC [redacted] has been ad-

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3. Subcommittees Continued with a Change of Emphasis.

The membership reviewed the activities of the Subcommittee on Agriculture and agreed unanimously not only that the Subcommittee be retained but also that its activities be expanded. The Subcommittee has proposed that a weekly exchange be made of current work either scheduled or under way in each department or agency and that such lists be exchanged weekly. It is also expected that the membership will be expanded to include an expert on fisheries from the Department of the Interior. It has been informally agreed that the Subcommittee on General Economic Analysis will expand its activities, on a trial basis for one year, in order to provide a forum for the exchange of views and information on current developments on economic policy in Communist countries. This subject had originally been proposed by the Department of State member to be the business of the new Subcommittee on Economic Policy. Since the membership of the General Economic Analysis Subcommittee would be virtually identical with that of the proposed Subcommittee on Economic Policy it was recommended that the responsibility for economic policy be incorporated within the very broad terms of reference which the General Economic Analysis Subcommittee already has. Finally, the Working Group on Aid and Trade Activities of Communist Countries in Less Developed Areas of the Free World will remain a working group rather than be made a subcommittee as had been proposed by the Department of the Army member. This working group is unique because it is charged with a specific production responsibility unlike any subcommittee. However, the EIC directed this working group to revise its terms of reference, which are now ten years old, to more accurately describe its subject matter scope, functions, organization and procedures. It is anticipated that all of the changes recommended in this paragraph will be approved by the membership and become a part of the revised terms of reference within the next six weeks.

4. Subcommittee on Petroleum.

Still remaining to be decided is the position of the Subcommittee on Petroleum. At its last meeting, there was a split in the membership with some voting for its abolishment and some requesting that a different terms of reference be developed. Further discussion on the future of this subcommittee is scheduled for the EIC meeting on 22 April, but no quick resolution is anticipated.

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5. The terms of reference of the EIC, the Air Force member believes, are somewhat out of date and should be revised. The undersigned does not believe that it is either advisable or necessary at this time to clarify the primary research responsibilities set out in DCID 3/1 and has so advised the membership. However, the subject has not been closed out and future discussion is scheduled for the EIC meeting of 22 April. The Air Force member also believes that it would be advisable to form a new subcommittee to monitor the uses of economic intelligence in planning, particularly military planning. The objective would be to insure that the reporting of the reliability and validity of cost data on foreign military expenditures (particularly those of the USSR) is adequate and that the methodology meet consumer needs. It is the opinion of the undersigned that such a subcommittee would be inappropriate and the matter has been referred to the USIB Ad Hoc Working Group on Soviet Military Expenditures for the NIIP. Since the chairman of this working group is ill, an early resolution is not expected.

6. Should all of the current actions be consummated, the EIC would be left with seven active subcommittees as follows: Agriculture, Electronics & Telecommunications, General Economic Analysis, International Trade & Finance, Petroleum, Shipbuilding, and Transportation. Additionally there would be one working group on the Aid & Trade Activities of Communist Countries in Less Developed Areas of the Free World. The resulting structure would leave the Economic Intelligence Committee with eight supporting organizations. This is believed adequate to carry out the coordination activities required in DCID 3/1. If all of this meets with your approval I shall continue the present course of action until the few remaining adjustments have been completed.

[Redacted Signature]

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Chairman
Economic Intelligence Committee

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OD/ORR: [Redacted] :gkg/5001 (19 Apr 66)

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